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The Public Service Commission State of South Carolina

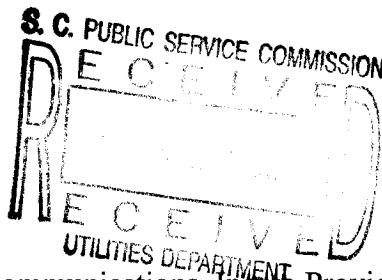
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September 25, 2002

The Honorable Gary E. Walsh
Executive Director
Public Service Commission of South Carolina
PO Drawer 11649
Columbia, SC 29211

HAND-DELIVERED

RE: Application of BellSouth Telecommunications, Inc. to Provide In-Region,
InterLATA Services Pursuant to Section 271 of the Telecommunications
Act of 1996.
Docket No. 2001-209-C



Dear Mr. Walsh:

In response to BellSouth Telecommunications, Inc.'s ("BellSouth's") filing of August 29, 2002, in which BellSouth provided new Change Control Process ("CCP") Measures, the Commission Staff, a party to the above-referenced proceeding, makes the following comments regarding BellSouth's filing.

In Order No. 2002-77 (February 14, 2002), the Commission provided that "BellSouth shall include in the SQM appropriate metrics that measure and assess BellSouth's responsiveness to CLEC-initiated changes submitted to the Change Control Process ("CCP"), and BellSouth shall include at least one payment category under Tier 1 of the IPP for assessing the effectiveness of the CCP regarding CLECs." Order No. 2002-77, p. 119.

In Order No. 2002-396 (May 28, 2002) in response to BellSouth requesting reconsideration of the Commission's decision to make the new CCP measure a Tier 1 penalty as opposed to a Tier 2 penalty, the Commission directed "the Commission Staff to enter into discussions with BellSouth to resolve the issues relative to Tier 1 and Tier 2 penalties for the CCP and to report back to the Commission prior to the FCC acting on BellSouth's application for South Carolina." Order No. 2002-396, p. 14; see also *id.* at 16.

By Order No. 2002-594 (August 22, 2002), the Commission addressed a requested clarification of Order No. 2002-396 raised by the Southeastern Competitive Carriers Association ("SECCA"). SECCA's requested clarification resulted in the Commission stating

3. Order No. 2002-396 is hereby clarified to reflect that BellSouth's motion for reconsideration requesting that penalties associated with violations of metrics associated with measuring BellSouth's responsiveness to CLECs' requests under the CCP be made Tier 2 penalties rather than Tier 1 penalties as required by Order No. 2002-77 is granted in part and denied in part.

4. Order No. 2002-396 is also clarified to reflect that BellSouth's requested reconsideration on this issue is denied in part insofar as BellSouth's request for the Commission to change the ordered Tier 1 penalty under the IPP to a Tier 2 penalty was denied.

5. Order No. 2002-396 is clarified to reflect that BellSouth's requested reconsideration on this issue was granted in part insofar as BellSouth's request for reconsideration was granted to the extent that further study of the issue would be afforded pursuant to the Commission directing the Staff to enter into discussions with BellSouth to resolve the issues relative to Tier 1 and Tier 2 penalties for the CCP and to report back to the Commission.

6. Order No. 2002-396 is further clarified to reflect that once a proposal related to the Tier 1/Tier 2 issue of the penalty is filed, that all parties will be afforded the opportunity to respond to the proposal in writing within a specified timeframe.

Order No. 2002-594, p. 4-5.

Prior to BellSouth filing its August 29, 2002, proposal, BellSouth met with the Commission Staff to explain the additional metrics and the 50/50 Prioritization Proposal. At that meeting, the Commission Staff listened to BellSouth's presentation but did not accept or reject the proposed filing. Rather, the Commission Staff indicated to BellSouth that the Commission Staff would file comments regarding the proposal when filed, under the mechanism provided by the Commission in Order No. 2002-594 for all parties to respond to BellSouth's proposal. This letter contains the Commission Staff's comments to BellSouth's proposal.

As noted by BellSouth in its proposal, the Florida Public Service Commission has implemented a 50/50 Prioritization Proposal whereby BellSouth and CLECs share

equally in release capacity. In its filing, BellSouth acknowledges that BellSouth provides CLECs with release plans and change capacity information under this 50/50 Prioritization Proposal. The release plans set forth the capacity of each release in units. CLECs use this information to assist in prioritizing release requests. The 50/50 Prioritization Proposal allocates one-half of BellSouth's IT release capacity to CLECs' requests and one-half of BellSouth's IT release capacity to BellSouth's needs. This 50/50 Prioritization Proposal was not in place when the Commission decided BellSouth's 271 application; however the Commission Staff is under the impression that the 50/50 Prioritization Plan will be utilized by BellSouth across its nine-state region. The Commission Staff is of the opinion that this 50/50 Prioritization Proposal is a positive addition to the CCP because under this proposal BellSouth must provide half of the IT release capacity to CLECs' requests. Thus, CLEC-initiated requests will not be short-changed due to insufficient release capacity.

Additionally, due to work accomplished by other commissions in the BellSouth nine state region, BellSouth has implemented six new change control measures. These six new measurements are

- CM-6: Percent of Software Errors Corrected in X (10, 30, 45) Business Days
- CM-7: Percent of Change Requests Accepted or Rejected Within 10 Days
- CM-8: Percent of Change Requests Rejected
- CM-9: Number of Defects in Production Releases (Type 6 CR)
- CM-10: Software Validation
- CM-11: Percent of Change Request Implemented Within 60 Weeks of Prioritization

BellSouth previously had five CCP measures, and the addition of the six new CCP measures brings the total of CCP measures to eleven CCP measures. As the CCP process is a regional process, BellSouth has agreed to use these measures in all nine states in its region. Five of the eleven CCP measures contain Tier 2 penalties. None of these eleven CCP measures includes a Tier 1 penalty.

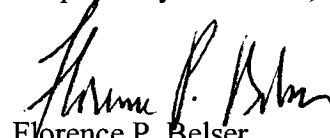
Staff is of the opinion that the Tier 2 penalties associated with the now existing eleven CCP measurements are appropriate for CCP related metrics. As noted in Order No. 2002-77, "[t]he IPP has a two-tiered penalty structure, with Tier 1 payments made directly to CLECs and Tier 2 payments made to a state agency. The escalating fee schedule for continuing violations under IPP ensures that the penalties are meaningful and significant such as to prevent BellSouth from "backsliding" following section 271 relief." Order No. 2002-77, p. 29. Further, as noted in Order No. 2002-396, "Tier 1 penalty payments are self-executing payments paid directly to a CLEC when BellSouth delivers non-compliant performance on any Tier 1 measurement. Tier 2 payments are assessments paid directly to the Commission or its designee. ... Tier 1 payments address CLEC-specific harms, and Tier 2 payments address harm to the CLEC industry as a whole." Order No. 2002-396, p. 12-13.

Staff's concern over making a CCP measurement subject to a Tier 1 penalty is that implementation of a CLEC-initiated CCP request is not totally within BellSouth's

control but is a collaborative process involving the CLECs participating in the CCP process. Upon a CLEC initiating a request under the CCP, the request, if accepted by BellSouth, subject to technical feasibility, cost, and industry standards, is placed before the CCP members who jointly prioritize the change request(s). The purpose of the CCP is to work toward trying to implement changes that benefit the industry, not necessarily one particular CLEC. Thus a CLEC which proposes a change request that is far afield of the industry is likely to have its change request prioritized very low, while change requests that will benefit numerous CLECs or the industry will probably receive a high prioritization. While the Commission Staff cannot agree that such a process invites CLECs to game the system as suggested by BellSouth, the Commission Staff does recognize a problem with having Tier 1 penalties associated with change requests that may be prioritized very low through no fault of BellSouth. Thus, due to the prioritization of change requests through the collaborative process of the CCP, the Commission Staff is of the opinion that Tier 2 penalties are more appropriate for missing CCP measures than Tier 1 penalties.

In conclusion, the Commission Staff recognizes that the CCP process is an evolving process which has continued to evolve in the short time following the 271 hearing in South Carolina. After the South Carolina 271 hearing, BellSouth has implemented the 50/50 Prioritization Proposal as required by the Florida Public Service Commission and has added six additional CCP measurements, bringing the total number of CCP measurements to eleven with five of the eleven measurements having Tier 2 penalties associated with them. While BellSouth has not proposed a Tier 1 penalty associated with any of the eleven CCP measurements, the Commission Staff supports the August 29, 2002, filing of BellSouth. Further, the Staff recognizes that the CCP process is a dynamic, not static, process, and the Commission Staff anticipates further additions and refinements to the process as additional needs are identified.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Florence P. Belser", is written over the typed name.

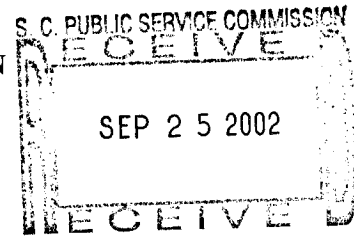
Florence P. Belser
Attorney for the Commission Staff

FPB:ha

cc: All Parties of Record

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA**

DOCKET NO. 2001-209-C



IN THE MATTER OF:

Application of BellSouth Telecommunications, Inc. to Provide In-Region InterLATA Services Pursuant to Section 271 of the Telecommunications Act of 1996.)	CERTIFICATE OF SERVICE
)	
)	
)	

I, Hope H. Adams, do hereby certify that I am employed by the Legal Department of the Public Service Commission of South Carolina, and I have on the date indicated below served the following named individual(s) with one (1) copy of the pleading(s) listed below by the method(s) indicated.

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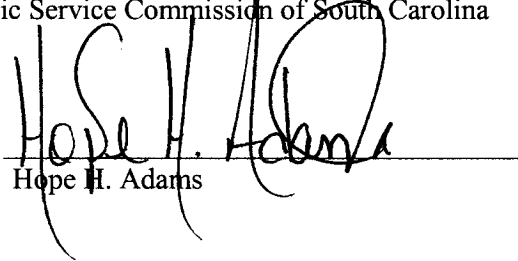
**PLEADING(S): Comments of Commission Staff Relating to August 29, 2002, CCP Filing by
BellSouth Telecommunications, Inc.**

LEGAL DEPARTMENT
Public Service Commission of South Carolina

September 25, 2002
Columbia, South Carolina

By: _____

Hope H. Adams

A handwritten signature in black ink, appearing to read "Hope H. Adams", is written over a horizontal line. The signature is stylized with large, flowing loops.